

## Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 AGRE-00 SS-15 NSC-05  
L-03 /086 W

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R 011004Z JUN 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 6557  
INFO AMEMBASSY BANGKOK  
CINCPAC HONOLULU HI  
CINCPACREPPH SUBIC BAY RP  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY SINGAPORE  
AMEMBASSY SUVA

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E.O.11652:GDS  
TAGS: ELAB, RP  
SUBJECT: MARCOS INCREASES MINIMUM WAGES AGAIN  
  
REF: A-88

1. SUMMARY: THE THREE DAY TRIPARTITE CONFERENCE ON MINI-  
MUM WAGES AND LABOR RELATIONS FAILED TO AGREE, THUS LEAV-  
ING THE DECISION TO PRESIDENT MARCOS. AS IN 1976, MARCOS,  
AGAINST THE ADVICE OF HIS ECONOMISTS, SIGNED A DECREE  
INCREASING THE MINIMUM WAGE BY ONE PESO PER DAY EFFECTIVE  
JULY 1, 1978, AND THEN ONE ADDITIONAL PESO PER DAY AS OF  
MAY 1, 1979, AND AGAIN AS OF MAY 1, 1980. THE DECREE  
EXEMPTED THE COTTAGE INDUSTRIES. AT THE DECREE SIGNING  
CEREMONY, THE TRADE UNION CONGRESS OF THE PHILIPPINES  
(TUCP) SPOKESMAN TOLD MARCOS THAT THEY WERE NOT SATISFIED  
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AND WANTED MORE. MARCOS ORDERED A CONTINUING STUDY OF  
THE DEMAND FOR HIGHER WAGES. THE TUCP HAD ASKED FOR AN  
INCREASE FROM THE PRESENT 10 PESO PER DAY MINIMUM TO 18  
PESOS PER DAY WITH AN UPWARD ADJUSTMENT TO 25 PESOS PER  
DAY OVER THE NEXT THREE YEARS. THE TUCP LOOKS UPON  
MARCOS' ORDER TO KEEP STUDYING WAGES AS A SIGN THAT MORE  
MIGHT BE FORTHCOMING AND ARE PREPARING PLANS TO ASK FOR

MORE. THE EMBASSY IS NOT SANGUINE, HOWEVER, ABOUT PROSPECTS FOR FURTHER WAGE INCREASES. END OF SUMMARY.

2. AFTER THE TRIPARTITE CONFERENCE FAILED IN ITS THREE-DAY MEETING TO AGREE ON AN INCREASE IN THE MINIMUM WAGE, PRESIDENT MARCOS SIGNED A DECREE MAY 29 RAISING THE MINIMUM WAGE ONE PESO PER DAY EFFECTIVE JULY 1, 1978, THEN ONE ADDITIONAL PESO PER DAY AS OF MAY 1N 1979, AND AGAIN AS OF MAY 1N 1980. IN ANNOUNCING THIS DECISION MARCOS SAID, "MY ECONOMISTS ARE ALL OPPOSED TO AN INCREASE IN THE MINIMUM WAGE, BUT I THINK YOU SHOULD HAVE SOMETHING." EULOGIO LERUM, ACTING PRESIDENT OF TUCP TOLD THE PRESIDENT, "WE ARE NOT SATISFIED WITH THE INCREASE; WE WANT MORE." MARCOS SAID THAT HE WILL ORDER A CONTINUING STUDY OF THE DEMAND OF LABOR FOR HIGHER WAGES. THE DECREE EXEMPTS COTTAGE INDUSTRIES FROM THE NEW MINIMUM BECAUSE THEY ARE SO LABOR INTENSIVE, THEIR TOTAL PRODUCT IS FOR EXPORT, AND THEY ARE COMMITTED TO CONTRACTS WITH FIXED PRICES THAT CANNOT BE CHANGED DURING THE LIFE OF THEIR CONTRACTS.

3. THE UNIONS--CITING THE DIMINISHED PURCHASING POWER OF THE PESO--HAD PRESENTED A CLAIM FOR AN INCREASE IN THE MINIMUM WAGE FROM THE CURRENT 10 PESOS PER DAY (IN METRO MANILA) TO 18 PESOS PER DAY, WITH AN UPWARD ADJUSTMENT TO 25 PESOS PER DAY OVER THE NEXT THREE YEARS. THE GOV-LIMITED OFFICIAL USE

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ERNMENT ECONOMISTS WERE OPPOSED TO ANY INCREASE. SOME EMPLOYERS, PARTICULARLY THE LARGER ONES, WHO ALREADY PAY ABOVE THE MINIMUM WAGE, WERE NOT OPPOSED TO INCREASING THE MINIMUM WAGE. THE UNION OFFICIALS ARE UNIFORMLY UNHAPPY ABOUT THE "LITTLE BIT WE GOT." THE NEW MINIMUM WAGE WILL HAVE ONLY MARGINAL EFFECT ON ORGANIZED WORKERS, "THE OVERWHELMING MAJORITY OF WHOM ALREADY ENJOY BETTER THAN THE MINIMUM WAGE. WORKERS IN METRO MANILA AVERAGE 16.50 PESOS PER DAY, WHILE THOSE OUTSIDE MANILA RECEIVE THE AVERAGE OF 15.50 PESOS PER DAY. THIS COMPARES WITH THE NEW 1978 MINIMUM THAT WILL BE 11 PESOS PER DAY FOR METRO MANILA; 10 PESOS FOR NON AGRICULTURAL WORKERS OUTSIDE OF MANILA; 9 PESOS PER DAY FOR PLANTATION WORKERS, AND 8 PESOS PER DAY FOR NON-PLANTATION AGRICULTURE. THE TUCP LOOKS UPON PRESIDENT MARCOS' ORDER TO CONTINUE STUDYING THE DEMAND FOR HIGHER WAGES AS A SIGN THAT MORE MIGHT BE FORTHCOMING. THE NEXT MEETING OF THE TUCP EXECUTIVE BOARD WILL FORMULATE PLANS TO ASK FOR MORE.

4. COMMENT: ONCE AGAIN, AS IN 1976, THE TRIPARTITE CONFERENCE COULD NOT REACH A DECISION ON MINIMUM WAGES AND BUCKED THE DECISION TO PRESIDENT MARCOS. TRADE UNIONS AND SOME GOVERNMENT OFFICIALS LOOK UPON MARCOS'

DECISION AS HAVING BEEN DONE MORE FOR HIS POLITICAL POSTURE THAN ANYTHING ELSE. MARCOS' ORDER TO CONTINUE STUDYING WAGES IS A SIGN THAT HE WANTS TO BE FLEXIBLE, AND SOME LABOR AND GOP OFFICIALS BELIEVE THAT IF A PROPER FORMULA CAN BE FOUND, MARCOS WILL DECREE MORE MONEY IN ONE WAY OR ANOTHER. THE EMBASSY IS NOT SANGUINE, HOWEVER, ABOUT PROSPECTS FOR FURTHER INCREASE IN THE MINIMUM WAGE. THE BULK OF THE BENEFICIARIES OF THE MINIMUM WAGE ARE EMPLOYED IN LABOR-INTENSIVE INDUSTRIES SUCH AS CLOTHING AND TEXTILE. THESE INDUSTRIES FIGURE HEAVILY IN GOP PLANS FOR EXPANDED EXPORTS AND FOREIGN EXCHANGE EARNINGS, AND IT IS UNLIKELY THAT MARCOS WILL PLACE ADDITIONAL FINANCIAL BURDENS ON THESE INDUSTRIES. TOUSSAINT

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## Message Attributes

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**Decaption Date:** 01 jan 1960  
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